

SENATOR BURROWS: Social Security is not counted as income on the Federal return.

SENATOR BARNETT: Take my parents, for example. They're both retired. They have a small pension and Social Security. They would pay on the basis of the pension, but not Social Security or the other way around?

SENATOR BURROWS: I would have to check out what their pension fund was, how it was set up. If it is caught in adjusted gross line of the Federal return, they would pay on it. If not, and I rather doubt if it's a small pension, caught there.

SENATOR BARNETT: Okay, so in other words, what you're saying now, they own a home, presently they own a home. Say it's worth \$40,000 or \$45,000. They worked all their life for this home. Now they're on Social Security and a pension plan and they're paying property taxes, that's close to wipen people out. It's really not that bad, but it's high property tax. You're going to tell me that under your plan that my parents would not be paying that property tax anymore on the schools, school system. Which is their highest one. Plus, they would probably not pay any tax to support the schools because they are in a retirement bracket where they make very little money.

SENATOR BURROWS: Yes, and I don't feel they are in a position that they should be supporting the schools, and the tradeoffs, some workers within a trailer house would be making this up and the very high income is making it up. Some people are living in trailer houses making \$30,000 and paying virtually nothing for the support of education.

SENATOR BARNETT: All right, let me in my short time that I got left, would you answer one other question. What about the person that's like Senator Lewis over here, he's 40 years old or 35 and he's worked hard all his life and he saved all his money and he quit working. Now he's quit working. He is going to have another 20 or 25 years of production as far as being a taxpayer, but under your condition, he doesn't have any income, he's got everything saved up, he's got quite a pot to draw from in the next 20 or 25 years. How does that person get taxed? And I'm just using you as an example, Frank, I wasn't, no, not that pot, I know how you draw from that pot. How do you draw from a bank account, it's not income. How do I pay off of it?

SPEAKER LUEDTKE: Senator Barnett, one minute.

SENATOR BARNETT: I'm trying to get done. If I work for 25 years, and I save my money diligently, and then all of a sudden I retire and I draw from that income, how does that make me participate in your program.

SENATOR BURROWS: He would pay on his interest earnings from this investment. That would be all.

SENATOR BARNETT: That would be all.

SENATOR BURROWS: That would be all, if he had no income, he probably wouldn't be doing it very long. And if he had a great income, he should have a substantial interest income coming into.